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Report Highlights:

In January – June 2003, Hong Kong chicken imports declined by 17 percent to 336,770 MT, valued at US\$239 million. The United States is the largest chicken products supplier for the Hong Kong market, occupying 50 percent of the import market share, (compared to a 66 percent share in 2001). U.S. chicken exports were down 29 percent in the first half of 2003. U.S. products will face many challenges in the rest of 2003 and 2004. Competition from Brazilian products is increasing. U.S. prices are firm, making U.S. products more price disadvantaged in the Hong Kong and China markets. Furthermore, U.S. chicken exports to Hong Kong will continue to be hampered by China's amended certification requirements. About 84 percent of U.S. chicken imported into Hong Kong was re-exported, mainly to China, in 2003. The encouraging side is that demand for chicken products in China is keen. The permits and automatic registration forms required for sale to China are available for the time being with no major prolonged disruptions.

Includes PSD Changes: Yes
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Situation and Outlook

In January – June 2003, Hong Kong imported 336,770 MT of chicken valued at US\$239 million, a decline of 17 percent. Retained imports amounted to 86,162 MT, implying that 74 percent of Hong Kong's total chicken imports from all sources were re-exported and that a minor portion was retained in Hong Kong for domestic consumption.

The United States is the largest chicken products supplier for the Hong Kong market, occupying 50 percent of the import market share, followed by Brazil with a market share of 25 percent.

Between January – June 2002 and the same period in 2003, U.S. chicken exports to Hong Kong, totaled 169,555 MT, a decline of 29 percent. The decline was mainly attributed to the decreased re-export sales of chicken feet to China through Hong Kong. Actually, U.S. chicken feet re-exports to China dropped precipitously in 2002 after China changed its certification requirements for U.S. chicken feet products in late 2001.

U.S. products will face many challenges in the rest of 2003 and 2004. Competition from Brazilian products is increasing. Hong Kong's import of Brazilian products increased 12 percent between January – June 2002 and 2003. In recent years, Brazilian products have improved greatly in their packaging and shipping schedules. More importantly, they are very price competitive. Owing to the strong demand for U.S. products in the U.S. domestic market and other markets like Mexico and Russia, U.S. prices are firm, making U.S. products very price disadvantaged in the Hong Kong and China markets. Furthermore, U.S. chicken exports to Hong Kong will continue to be hampered by China's amended certification requirements.

The encouraging side is that demand for chicken products in China is keen provided that prices are competitive. The permits and automatic registration forms required for sale to China are available for the time being with no major prolonged disruptions.

The Hong Kong domestic market is very stable. The early part of 2003 was adversely affected by the SARS (Severe Atypical Respiratory Syndrome) outbreak, but the market has showed signs of recovery since July. The influx of Mainland tourists, resulting from China's travel relaxation measures, has helped boost Hong Kong's retail and catering industries. As such, prospects for the second part of 2003 are more promising and businesses may be able to catch up the loss in the beginning of the year. The forecast for 2003 retained imports is around 195,000 MT, similar to the 2002 level.

Since December 2002, chilled chickens from China can be exported to Hong Kong. Hong Kong people have been eating more chilled chickens at the expense of live chickens. This trend will continue to deepen in the future. Between January – June 2002 and 2003, the import of whole chilled/frozen chickens increased 24 percent while that of live chickens decreased 10 percent. Chilled chickens are easily available in supermarkets and are more price competitive than live chickens.

Hong Kong still has 140 farms, rearing over 8 million chickens annually. The government has been considering proposals to enhance environmental hygiene by eliminating the sale of live chickens. The future of Hong Kong's chicken rearing industry is at stake pending on the consultation result of the proposals.

Statistical Table – Plty, Meat, Chicken

PS&D Table

Country	Hong Kong				(1000 MT)(MIL HEAD)	
Commodity	Poultry, Meat, Broiler					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA	Post	USDA	Post	USDA	Post
	Official	Estimate	Official	Estimate	Official	Estimate
	[Old]	[New]	[Old]	[New]	[Old]	[New]
Market Year Begin		01/2002		01/2003		01/2004
Inventory (Reference)	2	2	2	2	0	0
Slaughter (Reference)	43	41	42	40	0	39
Beginning Stocks	0	0	0	0	0	0
Production	61	61	60	60	0	58
Whole, Imports	0	0	0	0	0	0
Parts, Imports	195	195	210	195	0	200
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	195	195	210	195	0	200
TOTAL SUPPLY	256	256	270	255	0	258
Whole, Exports	0	0	0	0	0	0
Parts, Exports	1	0	1	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	1	0	1	0	0	0
Human Consumption	255	256	269	255	0	258
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	255	256	269	255	0	258
TOTAL Use	256	256	270	255	0	258
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	256	256	270	255	0	258
Calendar Yr. Imp. from U.S.	81	68	85	70	0	73

Note: Re-exports are taken from Imports and exports refer to domestic exports.
 Slaughter (Reference) includes the importation of live chickens which are less than 185 grams.

Table 1 : Production of Live Chicken

Unit/MT	1997	1998	1999	2000	2001	2002
Local Supply	14,900	3,720	11,480	13,560	14,400	16,500
Import	52,570	49,180	51,810	51,310	44,730	44,410
Total Supply	67,470	52,900	63,290	64,870	59,130	60,910

Source : Hong Kong Agriculture, Fisheries and Conservation Department

Table 2 : Average Retail Prices of Chicken Relative to Pork and Beef (freshly slaughtered)

US\$/kg	1999	2000	2001	2002	2003 (Jan - Apr)
Chicken (top grade)	\$4.73	\$4.49	\$4.60	\$4.58	\$4.18
Duck (top grade)	\$3.18	\$2.89	\$2.80	\$2.71	\$2.61
Beef (best quality)	\$7.19	\$7.17	\$7.20	\$7.15	\$7.21
Beef (belly flesh)	\$5.42	\$5.34	\$5.36	\$5.35	\$5.45
Pork (best cut)	\$5.32	\$4.87	\$4.54	\$4.26	\$4.13
Pork Chop	\$6.42	\$5.92	\$5.58	\$5.18	\$4.94

Source : Hong Kong Census & Statistics Department

Exchange Rate : US\$ 1 = HK\$7.75

Table 3 : Average Retail Prices of Chicken Relative to Pork and Beef (frozen)

Product Categories	Weight	HK\$ (US\$1 = HK\$7.78)
whole chicken wings (Brazil)	5 lbs	27
whole broiler legs (USA)	2 lbs	11
broiler drumsticks (USA)	2 lbs	13
boneless thigh meat (USA)	2 lbs	18
wing tip (USA)	2 lbs	7
mid-joint wings (USA)	5 lbs	43
pork chop (Brazil)	2 lbs	24
boneless pork chop (Brazil)	1 lb	12
chuck (Brazil)	1 lb	22
knuckle (Brazil)	1 lb	14
fore shank (Brazil)	2 lb	23
short loin (Brazil)	1 lb	32
US Prime Ribeye	1 lb	88
short ribs (US)	2 lbs	66
rib fingers (US)	2.2 lbs	36

Table 4: Hong Kong Chicken Imports in Value by Major Suppliers, Jan – June

Country	Millions of US Dollars			% Share		% Change	
	2001	2002	2003	2001	2002	2003 - 03/02 -	
--The World--	333	309	239	100.00	100.00	100.00	-22.71
United States	196	171	109	58.91	55.13	45.45	-36.29
Brazil	55	55	60	16.66	17.74	24.91	8.55
China	24	26	28	7.27	8.52	11.61	5.38
Thailand	12	12	13	3.57	3.81	5.34	8.26
United Kingdom	10	8	5	3.04	2.50	1.99	-38.5
France	2	3	4	0.68	1.02	1.74	31.31
Turkey	2	3	4	0.74	0.97	1.61	27.86
Canada	7	7	3	1.99	2.29	1.36	-54.04
Chile	2	3	3	0.67	0.88	1.10	-3.34

Table 5: Hong Kong Chicken Imports in Quantity by Major Suppliers, Jan – June

Country	2001, MT	2002, MT	2003, MT	% Change		Market share	
				- 03/02 -		2001	2002
--The World--	458,462	406,659	336,770	-17%		100%	100%
United States	302,190	239,950	169,555	-29%		66%	59%
Brazil	69,840	74,634	83,572	12%		15%	18%
China	14,537	18,063	19,845	10%		3%	4%
Thailand	10,403	9,330	14,002	50%		2%	2%
Turkey	4,799	5,196	8,172	57%		1%	1%
U.K.	12,902	10,262	7,470	-27%		3%	3%
Canada	9,769	10,685	5,594	-48%		2%	3%
France	2,395	3,348	5,493	64%		1%	1%
Iran	1,017	4,536	4,725	4%		0%	1%

Table 6: Average C.I.F. Prices of Chicken Products by Major Suppliers, Jan – June

Country	% Change			
	- / KG - 2001	- / KG - 2002	- / KG - 2003	- 03/02 -
--The World--	0.73	0.76	0.71	-6.58
United States	0.65	0.71	0.64	-9.86
Brazil	0.79	0.74	0.71	-4.05
China	1.66	1.46	1.40	-4.11
Thailand	1.14	1.26	0.91	-27.78
Turkey	0.51	0.58	0.47	-18.97
U.K.	0.78	0.75	0.64	-14.67
Canada	0.68	0.66	0.58	-12.12
France	0.94	0.95	0.76	-20.00
Iran	0.44	0.59	0.41	-30.51
Chile	0.72	0.77	0.69	-10.39

Table 7: Chicken Re-exports by Major Destinations, Jan – June

Country	2001, MT	2002, MT	2003, MT	% Change		Market share	
				- 03/02 -		2001	2002
--The World--	342,588	287,910	250,607	-13%		100%	100%
China	337,805	281,296	238,163	-15%		99%	98%
Taiwan	0	0	7,021	0%		0%	0%
Macau	4,142	4,012	3,376	-16%		1%	1%
Vietnam	537	2,540	1,147	-55%		0%	1%

Table 8: Hong Kong Chicken Imports by Categories, Jan – June

Country	2001, MT	2002, MT	2003, MT	% Change	
				- 03/02 -	
total chicken	458,462	406,659	336,770	-17%	
chicken feet	194,499	151,128	142,878	-5%	
chicken frozen cuts	100,125	90,272	49,922	-45%	
chicken wings	138,406	134,635	115,199	-14%	
chicken, whole	10,234	11,858	14,757	24%	

Table 9: Hong Kong Chicken Re-exports by Categories, Jan – June

Country	2001, MT	2002, MT	2003, MT	% Change - 03/02 -
total chicken	342,588	287,910	250,607	-13%
chicken feet	169,532	127,220	126,569	-1%
chicken frozen cuts	69,633	51,840	26,942	-48%
chicken wings	93,939	97,479	84,983	-13%
chicken, whole	236	215	1,222	469%

Table 10: Hong Kong Retained Chicken Products by Categories, Jan - June

Country	2001, MT	2002, MT	2003, MT	% Change - 03/02 -
Total chicken	115,873	118,749	86,162	-27%
chicken feet	24,967	23,908	16,309	-32%
chicken frozen cuts	30,491	38,433	22,980	-40%
chicken wings	44,467	37,156	30,216	-19%
chicken, whole	9,998	11,643	13,535	16%

Table 11: U.S. Chicken Exports to Hong Kong, Jan – June

Country	2001, MT	2002, MT	2003, MT	% Change - 03/02 -
Total chicken	302,190	239,950	169,555	-29%
chicken feet	146,898	96,472	91,025	-6%
chicken frozen cuts	84,413	71,892	33,013	-54%
chicken wings	62,920	60,746	39,414	-35%
chicken, whole	290	617	687	11%

Table 12: U.S. Chicken Exports to Hong Kong being Re-exported, Jan - June

Country	2001, MT	2002, MT	2003, MT	% Change - 03/02 -
Total chicken	252,486	183,810	142,223	-23%
chicken feet	134,720	84,449	84,037	-0%
chicken frozen cuts	62,738	46,914	22,988	-51%
chicken wings	48,571	44,959	29,474	-34%

Table 13: Hong Kong's Retained Imports of U.S. Chicken Products, Jan – June

Country	2001, MT	2002, MT	2003, MT	% Change - 03/02 -
Total chicken	49,704	56,141	27,331	-51%
chicken feet	12,178	12,023	6,988	-42%
chicken frozen cuts	21,674	24,977	10,025	-60%
chicken wings	14,349	15,787	9,939	-37%

Source: World Trade Atlas

Narrative On Supply and Demand, Policy & Marketing

Production

Hong Kong's live poultry industry is at stake pending on the consultation result on the proposals on the import and retail sales of live chickens.

In the wake of the SARS (Severe Atypical Respiratory Syndrome) outbreak in March through May this year, the Hong Kong government set up a Team Clean to improve the environmental hygiene so as to strengthen its preventive measures for epidemic diseases. Since the import and retail sales of live chickens being the culprit for the bird flu crises, the issue of retail sales of live chickens was on the agenda of the Team Clean. (Hong Kong had three major outbreaks of bird flu in the past few years. The first bird flu crisis occurred in 1997 resulting in six human deaths. The other two outbreaks happened in May 2001 and February 2002. The three major outbreaks led to the slaughter of over 3 million chickens at a compensation cost of HK\$200 million or US\$25.7 million paid to local industry by the government.)

According to the report of the Team Clean, four options were laid out for the future of poultry sales. The first option is a complete ban on the sale of live poultry, meaning only chilled and frozen poultry would be allowed for import and sale. The second option is to ban the sale of live poultry but allows continued importation from the mainland and supply from local farms. All live poultry would then be killed at a central slaughterhouse and chilled before delivery to markets. A third option is similar to the second, but the slaughtered poultry would not go through the chilling process at the slaughterhouse and rather be sold as warm meat to restaurants and wet markets. The final option considered by the team allows for the least change and would see the rearing and trading of live poultry continue. But chickens would be segregated from customers by glass or acrylic panels at retail level to minimize contact with consumers.

All the four options carry a different level of risk of causing an epidemic and affect the livelihoods of the people in the industry to a various extent. The first option, i.e. the complete ban on the sale of live poultry, if adopted would put an end to the local chicken rearing industry. Currently, Hong Kong has about 140 chicken farms with 2.1 million chicken population.

The industry strongly opposed the proposals, arguing that they will jeopardize the livelihood of thousands of people and affect traditional Chinese eating habits. It is expected that the government will not take drastic measures in the near future, given the controversy and repercussions of the subject. The government is going to launch extensive consultations with the trade before coming up with any decision. But it is foreseeable that chicken farming will not expand but decline naturally because no one is willing to invest in a business likely to be eliminated in the future.

In the meantime, the Hong Kong government has initiated a series of measures to prevent another bird flu outbreak. The government has strengthened and enforced biosafety measures. Vaccination for live chickens has been practiced. After a one-year vaccination trial program on chickens, the government concluded that H5N2 vaccine was an effective means, but not a panacea, to control avian influenza in Hong Kong. Therefore, chickens in all local farms have been vaccinated with H5N2 vaccine since April 2003 as an additional control measure. Understanding that the program is useless if imports from China are not subject to a similar vaccination program, the Hong Kong government in July 2003 reached an agreement with the Mainland Chinese authorities that chickens exported to Hong Kong have to be vaccinated with an approved H5 avian influenza vaccine and have been subjected to

testing to show that the birds have satisfactory antibody responses. Vaccinated chickens from China are expected to reach the local market before the end of this year.

Total production of live chickens in Hong Kong amounted to 60,910 MT in 2002, 44,410 MT was imported from China and 16,500 MT supplied locally. The self-sufficient was ratio 27.1 percent.

Consumption

Hong Kong was seriously affected by the SARS (Severe Acute Respiratory Syndrome) outbreak after March 2003 with a total of 1,755 cases and a death toll of 299 people as of August 24. On April 2, the WHO advised the public to consider postponing all but essential travel to Hong Kong. This travel advisory was not removed until May 23 and Hong Kong was delisted as a SARS affected area on June 23. Hong Kong's economy was worst hit during the months of April through June.

People avoided eating out and the number of tourists dropped drastically. Visitor arrivals for April 2003 plunged 65 percent reaching only 494,000 compared with 1.4 million in 2002. In May, the fall was even more severe. The number of tourists dropped 68 percent to 427,000 in May 2003 while the number was as high as 1.33 million in May a year earlier.

The consumption of poultry in the catering industries plunged during the SARS months. The sales of chicken paws declined because they are mostly eaten in Chinese restaurants. However, the sales of chicken parts like wings at retail levels rose since people ate at home more.

With the lifting of the WHO's travel advisory on May 23 and Hong Kong's delisting as a SARS infected area on June 23, Hong Kong has witnessed signs of recovery since then. As a result of the relaxation of travel restrictions on Mainland Chinese visits to Hong Kong since July 2003, there has been influx of tourists coming from Mainland boosting businesses in hotels, retail and restaurants. A Mainland Chinese official forecast the number of mainland tourists to Hong Kong will continue to increase and reach 10 million next year. As such, the prospects for the catering industries for the remaining 2003 and 2004 should be much better than the early months of 2003. Tourists account for about 15 percent of Hong Kong's total restaurant businesses.

On the household front, Hong Kong consumers now consume more chilled chicken products, which are easily available in supermarket chains. Hong Kong started to import chilled whole chickens from China starting December 2002 after reaching an inspection protocol between the two governments. Between January – June 2002 and 2003, the import of whole chilled/frozen chickens increased 24 percent while that of live chickens decreased 10 percent.

Chilled chicken imports from China compete mainly with retail sales of live chickens. A chilled chicken costs about HK\$27 whereas a live one costs HK\$50. The importation of chilled chickens from China has rendered pressure on the pricing of live chickens, which experienced a 9 percent decrease in 2003 compared to 2002 (see table 2). It is foreseeable that the sales of chilled chickens will rise gradually. Probably, the Hong Kong government is monitoring the development and will initiate administrative measures to ban retail sales of live chickens when the community fully get used to chilled chickens.

Hong Kong, however, is a mature market. There should not be any drastic changes to total consumption level. The forecast for 2003 and 2004 is 255,000 MT and 258,000 MT respectively.

Trade

Retained Imports

In the first six months of 2003, Hong Kong's retained imports of chicken products decreased 27 percent mainly because SARS negatively impacted restaurant businesses. Retained imports of all chicken product categories declined except whole chickens (see table 10). The increase in whole chickens was spearheaded by imports from China. Between January – June 2002 and 2003, Hong Kong's whole chicken imports from China rose 35 percent reaching 12,519 MT. The trade in whole chickens from China is expected to increase in the coming months and years since chilled chickens from China are more price competitive with live chickens.

Hong Kong restaurant businesses have witnessed signs of recovery since July. Coupled with the influx of Mainland tourists, the retained imports for the remainder of 2003 should rise. Taking into account the decline in the early months, retained imports of chickens for the whole of 2003 should be flat.

U.S. and Brazilian Supplies

The United States is the largest supplier of chicken products in the Hong Kong market. However, its import market share decreased from 59 percent in 2002 to 50 percent in 2003. U.S. chicken exports to Hong Kong in the first six months of 2003 reached 169,555 MT, decreasing 29 percent from the corresponding period in 2002. A number of reasons accounted for the decrease in U.S. chicken exports to Hong Kong.

First, the United States has greatly reduced chicken feet exports to China through Hong Kong resulting from China's request for an amended health certificate for chicken feet since late 2001. (China used to accept FSIS health certificates with remarks stating that the products have conformed to Hong Kong's food standard. Since late 2001, China started to reject such certificates insisting that the FSIS certificate states that the product was destined for China. China also requested the United States to amend its inspection procedure for chicken feet.) U.S. chicken feet re-exports via Hong Kong in January – June 2003 amounted to 84,037 MT, which was only 62 percent of the re-export volume in the corresponding period in 2001 when China still accepted certificates certifying a products standard conforming to Hong Kong standards (see table 12). The decrease in chicken feet re-exports to China indicated that not many U.S. chicken plants are willing to accommodate changes for the new inspection requirements. Sources revealed that one company that used to sell 800 to 1000 containers of chicken paws to China per month before the change in certification requirements now only sells 200 containers per month.

Secondly, U.S. chicken exports have been facing increasing competition from Brazil. Brazil is the second largest chicken product supplier for the Hong Kong market. In January – June 2003, Brazilian chicken exports to Hong Kong increased 12 percent and import market share rose from 18 percent to 25 percent, compared to the same period last year. Brazil is very strong in the supply of 3-joint wings for the China market. Most Brazilian products are of soldier layer pack, which is cheap though inconvenient. For the domestic market, Brazil started to offer two-joint wings with IQF (individual quick frozen) packaging. Traders commented that IQF packaging of Brazilian products is not as sophisticated as that of U.S. products. But Brazilian products are cheaper compared with U.S. products. For instance, Brazilian mid-joint wings sell at retails at HK\$4/lb while U.S. similar products sell at HK\$6/lb. Hong Kong consumers are now very price conscious because its economy has remained sluggish for years.

Hong Kong's Re-exports to China

There are two areas to highlight in relation to Hong Kong's re-export trade to China. First, all traders we contacted agreed that direct shipments to Shanghai have increased steadily. The split between re-exports through Hong Kong and direct shipments to China is about 80 percent versus 20 percent or 70 percent versus 30 percent. A Hong Kong importer revealed that the number of traders coming from the northern part of China to Panyu, (a city in the south known as a meat distribution center) has reduced significantly since they now can buy chicken products which arrive at northern ports directly. It is expected that the trend of direct shipments to the north will deepen in the future. Nonetheless, the bulk of Hong Kong's chicken re-exports to China are still handled by transport companies delivering to the southern part of China. Currently, the transport fees for U.S. chicken paws cost around RMB3,000/MT to RMB3,500/MT. For Brazilian products (which are officially banned in China), the transport fees cost higher, amounting to RMB4,000/MT.

Secondly, Hong Kong's chicken re-export trade to China depends very much on the availability of permits and automatic registration forms. Imports to China must have two permits – one called an Automatic Registration Form (ARF) from the Ministry of Commerce in Beijing and one from AQSIQ (State Administration of Quality Supervision, Inspection and Quarantine) in Beijing. Traders complained that in January through May 2002, the Chinese authorities issued limited amount of permits. In addition, permits stipulated specific quantities that limited import volumes. Traders were suspicious that China intended to restrict imports because inventory for domestic supplies increased resulting from Japan's suspension of China's chicken products due to chemical residues.

Forecast

Hong Kong's retained imports of poultry products for 2003 and 2004 should be very steady, given that Hong Kong is a mature market. The forecast for 2003 is flat because of the SARS impact in the beginning of the year and that for 2004 is a modest growth of 3 percent.

The United States will continue to dominate the market because U.S. products are available in abundant supplies and in a variety of product grades. However, U.S. products will face many challenges including increasing competition from Brazil. Brazilian products are very likely to enlarge their market share because they are price advantaged. Hong Kong traders said they automatically provide their mainland Chinese customers with Brazilian products unless their clients specifically request U.S. products. Brazilian chicken is not officially allowed for consumption in China, only for processing and re-export. Moreover, improvement in the packaging of Brazilian products and a more reliable shipping schedule will continue to entice more businesses for Brazilian products.

Strong prices of U.S. chicken products also hinder U.S. exports to Hong Kong. The strong demand for U.S. products in the U.S. domestic markets and overseas markets such as Russia and Mexico has pushed up U.S. chicken prices. The United States has very little leg quarters exported to China after the re-opening of the Russia market. The current prices of U.S. leg quarters have risen to US\$0.39/lb. On average, China can afford leg quarters at prices around US\$0.20/lb. The prices of U.S. drumsticks have risen to US\$0.35/lb to US\$0.40/lb whereas China cannot afford prices higher than US\$0.20/lb. As such, U.S. re-exports to China will be adversely affected if high prices prevail. Moreover, the sales of U.S. chicken feet to China however are hinged at whether the United States chicken plants can supply products according to China's certification requirements.

Fortunately, the sales prospects of U.S. miscut wings and wing tips continue to look good. The demand for chicken feet is still strong. The transport channels from Hong Kong to the southern part of China are still open. Traders revealed that there have been adequate supplies of permits and automatic registration forms since June 2003. They forecast that the

overall market for chicken products will remain firm at least until the China's national holiday in October.

Policy Update

In view of the fact that Mainland China recently announced a list of animals and animal products of various countries prohibited from import into China because of various animal diseases, the Hong Kong government announced on August 6 that it will suspend issuing import licenses for the re-export of those products to China effective October 6, 2003. U.S. products on the prohibited list are only from certain states and include certain poultry, rodents, rabbits, sheep and their products. Reportedly, the list will be subject to revision as conditions warrant. However, the trade expects to be able to comply without undue disruption. Imports for the Hong Kong market will not be affected. (Details please refer to GAIN report #HK3025.)

In late 2001, the Hong Kong Government enacted a new regulation under the Public Health (Animal and Birds) Ordinance, Cap. 139 to control the feeding of drugs and chemicals to food animals, and to control chemical residues in livestock and livestock products. The new Regulation prohibits the presence of seven chemicals, which could cause immediate harm to humans, in local and imported food animals in Hong Kong. These are the beta-agonists of clenbuterol and salbutamol; the synthetic oestrogenic hormones of hexoestrol, diethylstilboestrol, and dionoestrol, and the antibiotics of chloramphenicol and avoparcin. It also establishes "Maximum Residue Limits" (MRLS) in line with international standards for 37 restricted chemicals in tissues and milk of local and imported food animals.

Currently, livestock and associated products have been subject to control of all seven prohibited chemicals and 19 out of the 37 restricted chemicals. The 19 restricted chemicals are : cloxacillin, dicloxacillin, ampicillin, amoxycillin, benzylpenicillin, sulfonamides, chlortetracycline, oxytetracycline, doxycycline, tetracycline, carbadox, dihydrostreptomycin, dimetridazole, furaltadone, furazolidone, josamycin, metronidazole, streptomycin and trimethoprim. Control of the first 10 restricted chemicals became effective since December 31, 2001, and the remaining 9 restricted chemicals on January 31, 2003 respectively.

For details of the regulation please refer to GAIN report #HK2001.